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Power Integrations, Inc.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

Kimberly Quaco, Derivatively on Behalf of
Nominal Defendant POWER
INTEGRATIONS, INC.,

Plaintiff,

v.

Balu Balakrishnan, et al.

Defendants,

Power Integrations, Inc.,

Nominal Defendant.

Case No. C-06-2811-MHP

**STIPULATION AND ~~[PROPOSED]~~ ORDER
STAYING POWER INTEGRATIONS'
MOTION TO DISMISS TO ALLOW THE
PARTIES TO FILE A MOTION FOR
PRELIMINARY APPROVAL OF
SETTLEMENT**

Pursuant to Northern District Civil Local Rule 6-2, Nominal Defendant Power Integrations, Inc. ("Power Integrations") and Representative Plaintiffs Geoffrey Wren, Kimberly Quaco, and Christopher DeBoskey ("Plaintiffs"), by and through their respective counsel of record, hereby stipulate and agree to extend the stay of Power Integrations' Motion to Dismiss to allow the parties to finalize a written settlement agreement and file a Motion for Preliminary Approval of Settlement by two weeks. Previously, the parties agreed that if they had not submitted a Motion for Preliminary Approval of Settlement by December 14, 2007, Power Integrations would have two weeks from December 14, 2007, to file its Motion to Dismiss and would meet and confer with plaintiff's counsel and submit a further stipulation regarding the

1 briefing schedule and new hearing date for such hearing. The parties need additional time to
2 finalize the written settlement agreement and file a Motion for Preliminary Approval of
3 Settlement and have agreed to extend the stay by two weeks, such that if the parties have not
4 submitted a Motion for Preliminary Approval of Settlement by December 28, 2007, Power
5 Integrations will have two weeks from such date to file its Motion to Dismiss. This stipulation is
6 based on the following facts:

7 **Whereas**, representative plaintiff Kimberly Quaco initiated this shareholder derivative
8 case on behalf of Nominal Defendant Power Integrations on or about April 25, 2006;

9 **Whereas**, on May 10, 2006, the parties stipulated that plaintiff would file the amended
10 complaint on or before May 26, 2006 and that defendants would respond to such amended
11 complaint on or before June 26, 2006;

12 **Whereas**, representative plaintiff Kimberly Quaco filed an amended complaint on
13 May 26, 2006. At the time of filing, counsel for Power Integrations no longer represented all
14 individual defendants. As a result, service was not completed on all defendants at the same time.
15 By stipulation dated June 22, 2006 (and approved by the Court), the parties agreed to an effective
16 service date and agreed that defendants would respond to the Quaco amended complaint on or
17 before September 12, 2006;

18 **Whereas**, on August 1, 2006, after the parties had set the service and response dates by
19 stipulation, Kathryn Champlin initiated a shareholder derivative action on behalf of Nominal
20 Defendant Power Integrations based upon allegations that were virtually identical to those alleged
21 in the Quaco case. Champlin also moved to be appointed lead plaintiff in the case;

22 **Whereas**, on September 5, 2006, the Court granted Power Integrations' motion to extend
23 the time to respond to the Quaco amended complaint until after the motion to consolidate and
24 appoint lead plaintiff was resolved;

25 **Whereas**, on December 18, 2006, the Court appointed Geoffrey Wren as lead plaintiff
26 and the law firm of Schiffrin Barroway Topaz & Kessler, LLP as lead counsel and ordered
27 plaintiff to file a consolidated complaint no later than January 17, 2007;

28 **Whereas**, on February 9, 2007, April 10, 2007, and May 31, 2007, pursuant to

1 stipulations by the parties, the Court extended Power Integrations' time to respond to the
2 Consolidated Complaint and stayed all other activities to allow the parties to engage in informal
3 discovery and to discuss a potential resolution of this matter;

4 **Whereas**, on August 3, 2007, pursuant to a stipulation by the parties, plaintiffs filed an
5 Amended Consolidated Complaint;

6 **Whereas**, on September 11, 2007, and October 11, 2007 pursuant to stipulations by the
7 parties, the Court extended Power Integrations' time to respond to the Amended Consolidated
8 Complaint and stayed all other activities to allow the parties to continue to discuss a potential
9 resolution of this matter;

10 **Whereas**, on October 4, 2007, the parties participated in a productive mediation with the
11 Honorable Eugene Lynch (Ret.);

12 **Whereas**, since the mediation, the parties have been engaged and continue to engage in
13 negotiations with the goal of presenting a final written settlement agreement to the Court for
14 preliminary approval on or before November 30, 2007;

15 **Whereas**, on December 3, 2007, pursuant to a stipulation, the Court extended the stay for
16 an additional two weeks to allow the parties to finalize and present a final written settlement
17 agreement to the Court for preliminary approval;

18 **Whereas**, the parties are working diligently to finalize the settlement agreement but need
19 an additional two weeks to present a final written settlement agreement to the Court for
20 preliminary approval;

21 **Whereas**, the only scheduled events in this case are the briefing and hearing dates on
22 nominal defendant Power Integrations' motion to dismiss the case for failure of plaintiff to
23 comply with the shareholder demand requirement. No other scheduled dates will be affected by
24 this stipulation.

25 **Now, therefore, it is hereby stipulated**, by and between the undersigned, as follows:

26 1. Power Integrations response date and the corresponding briefing schedule to the
27 Amended Consolidated Complaint are stayed;

28 2. If the parties do not file a Motion for Preliminary Approval of Settlement by

3.

STIPULATION AND [PROPOSED] ORDER STAYING
POWER INTEGRATIONS' MOTION TO DISMISS
C-06-2811-MHP

1 December 28, 2007, Power Integrations' response to the Amended Consolidated Complaint will
2 be due within two weeks of such date. If such filing becomes necessary, counsel for Power
3 Integrations will meet and confer with counsel for the plaintiffs and select a mutually agreeable
4 date for the remaining briefing schedule and hearing and submit a stipulation with such dates for
5 approval.

6 Dated: December 14, 2007

SCHIFFRIN BARROWAY TOPAZ & KESSLER

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8 By: /s/ Lee Rudy
Lee Rudy

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10 Counsel for Lead Plaintiffs

11 Dated: December 14, 2007

COOLEY GODWARD KRONISH LLP

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14 By: /s/ Jeffrey S. Karr
Jeffrey S. Karr

15 Attorneys for Nominal Defendant
16 Power Integrations, Inc.

17 **ORDER**

18 PURSUANT TO THE STIPULATION BY THE PARTIES, IT IS SO ORDERED.

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21 Dated: December 17, 2007



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FILER’S ATTESTATION

Pursuant to General Order No. 45, Section X, Subparagraph B, the undersigned attests that all parties have concurred in the filing of this Stipulation and [Proposed] Order.

Dated: December 14, 2007 COOLEY GODWARD KRONISH LLP

By: /s/ Jeffrey M. Kaban
Jeffrey M. Kaban